

# TENNESSEE REGULATORY AUTHORITY

Melvin Malone, Chairman  
Lynn Greer, Director  
Sara Kyle, Director



460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

August 31, 1999

Mr. Guilford F. Thornton, Jr.  
Attorney at Law  
Stokes and Bartholomew  
Suite 2800 Sun Trust Center  
424 Church Street  
Nashville, TN 37219-2386

In Re: Application of Discount Communications for a Certificate  
To Provide Competing Local Telecommunications Services  
Docket No. 99-0489

99-00489

Dear Mr. Thornton:

You have informed the Staff that you are representing Discount Communications ("Discount") in the above styled Docket. Attached is a copy of a data request that the Authority sent to Mr. Morris Harris, Sr., Operations Manager of Discount, on July 15, 1999. The data sought was to give the Authority a better understanding of Discount's managerial, technical, and financial ability to provide the services of a Competing Local Exchange Carrier (CLEC), the type of network Discount proposes to deploy, the sources of funding, etc. Approximately six weeks have elapsed since the date of the data request and no response has been received from Discount.

Please have your client provide the requested information by September 8, 1999. Without this information we cannot proceed with the application process. If you have any questions, please feel free to contact me at 741-2904 ext. 142.

Sincerely,

K. David Waddell  
Executive Secretary

Attachment

Xc: Mr. Morris Harris, Sr.  
Mr. Edward M. Hayes  
Official File

# TENNESSEE REGULATORY AUTHORITY

Melvin Malone, Chairman  
Lynn Greer, Director  
Sara Kyle, Director



460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

July 15, 1999

Mr. Morris Harris, Sr.  
Operations Manager  
Discount Communications  
3340 Poplar Ave, Suite 301  
Memphis, TN 38111

In Re: Application for Certificate to Provide Competing  
Local Telecommunications Services  
Docket No. 99-00489

Dear Mr. Harris:

The Authority has received your above styled application and it has been assigned Docket No. 99-00489. However, the application as filed is deficient and will not be deemed complete and ready for processing until Discount Communications has provided sufficient information in response to the attached data requests. It is my understanding that the Staff has provided you with a copy of a data package that is provided to all requesting CLEC<sup>1</sup> applicants. This package includes a checklist of items that applicants should include in their filings among other sample documents. The attached list primarily contains items listed in the CLEC package which Discount Communications failed to provide with its application.

You should file an original and thirteen copies of your responses with my office. After receipt of your responses they will be reviewed and if deemed sufficient, your application will be processed and a hearing in this matter will be scheduled. I know that some confusion has centered on Discount Communications' status as an Eligible Telecommunications Carrier (ETC), pursuant to Federal Communications Commission's (FCC's) rules and regulations. You should be aware that certification as a CLEC or Competing Telecommunications Service Provider is not tantamount to designation as an Eligible Telecommunications Carrier.

Certification by this Authority as a CLEC anticipates placement of telecommunications facilities by the applicant to provide proposed services within a short time frame of certification. Designation as an ETC, however, requires that the carrier provide services using its own facilities or a combination of its own facilities and resale.<sup>2</sup>

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<sup>1</sup> CLEC is the common term used for competing local exchange carrier. T.C.A. § 65-4-201 (c) refers to applicants as competing telecommunications service provider.

<sup>2</sup> FCC Order in CC Docket 96-45, paragraph 155, adopted November 7, 1996.

Specifically, Rule 54-201 (i) states "A state commission shall not designate as an eligible telecommunications carrier a telecommunications carrier that offers the services supported by federal universal service support mechanisms exclusively through the resale of another carrier's services."

The Application, at section 5B, acknowledges that Discount Communications is a non-facility based operation. No discussion of proposed facilities is included in your Application. Therefore, the attached data requests ask a series of questions regarding facilities, among other things.

If you have any questions concerning the data requests, please provide them to me in writing and we will promptly respond to you.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Waddell", with a stylized flourish at the end.

David Waddell  
Executive Secretary

Attachment

Xc: Official File

**DISCOUNT COMMUNICATIONS  
DATA REQUESTS  
DOCKET NO. 99-00489**

1. On the signature page of the Application, Morris Harris, Jr. is reflected as the Secretary of Discount Communications (the Company) and on the verification page as Secretary and Treasurer. On the biography page for John M. Harrison he is reflected as Treasurer and Sales Manager. Please clarify who is the Secretary and who is Treasurer of Discount Communications.
2. As the gentlemen in (1) above appear to hold corporate offices, please provide a copy of the Articles of Incorporation, the Certificate of Authority of the Company to operate as a corporation from the Tennessee Secretary of State's Office and/or any license(s) to do business in Tennessee.
3. What corporate office does Mr. Edward M. Hayes hold with the Company? Provide a copy of the corporate structure.
4. Provide the biographies of Mr. Morris Harris, Jr. and Mr. Hayes' managerial, financial and/or technical backgrounds to provide the proposed services of the Company.
5. Does Mr. Morris Harris, Sr. hold a degree in Electrical Engineering from a college or university? Provide more details about the duties of Mr. Harris, Sr. in "...structuring a state, regional and ultimately a nationwide communications organization."
6. From which college or university does Mr. Harrison hold his Bachelor's Degree?
7. If no electrical engineers are on staff, does the Company have a telecommunications engineering firm on retainer?
8. Provide the locations (cities) and types of any central office switches, which Discount Communications proposes to deploy. Describe how the Company will deploy any network including the date of deployment.
9. Will the Company require customers to purchase any special premise equipment which could not be used with incumbent local exchange systems should the customers decide to go back to the incumbent provider for any reason?
10. Provide the cost of the following:
  - a. Network;
  - b. Switches;
  - c. Unbundled network elements (UNEs); and
  - d. Other plant or equipment.

ATTACHMENT p2 of 3

11. Provide copies of the most recent audited financial statements of the Company including income statement, balance sheet and statement of cash flow for the most recent fiscal year. Do any statements reflect income from reciprocal compensation for terminating Internet Service Provider traffic (ISP)? If so, please quantify.
12. Provide the projected financial statements including income statement, balance sheet, and statement of cash flow for the next three fiscal years. Do any of these statements reflect income from reciprocal compensation for ISP traffic? If so, please quantify.
13. Provide details of sources of funding for proposed network or central office equipment purchases or payment for UNEs such as:
  - a. Internally generated funds, cash or marketable securities;
  - b. Letters of credit;
  - c. Loan commitments; and
  - d. Vendor credit.
14. Provide a three-year capital budget outlining what specific facilities will be deployed, when and where it will be deployed, and its cost for Tennessee operations and other state operations.
15. Provide information concerning the Intra-LATA Toll Dialing Parity Plan submitted with the Company's Application:
  - a. What is the implementation date of the plan for the Company's current local service resale customers? For future CLEC customers?
  - b. How will existing customers be notified of their options?
  - c. What happens to an existing customer who does not make a selection of an Intra-LATA carrier?
  - d. How much will the PIC Change Charge be?
  - e. Does the Company estimate it will have any costs to implement the Intra-LATA Toll Dialing Parity Plan? If so, how does it propose to recover them?
16. Does the Company propose to provide the following services pursuant to Authority Rule 1220-4-8-.04 (3) (b) and ( c ):
  - a. Access to 911 and E911 emergency service;
  - b. White page directory listings and directory assistance;
  - c. Consumer access to and support for the Tennessee Relay Center in the same manner as incumbent local exchange carriers;
  - d. Free blocking for 900 and 976 type services in accordance with Authority policy;
  - e. Provide educational discounts in existence on June 6, 1995;
  - f. Provide support for universal service in a manner determined by the Authority;and
  - g. Provide interconnection with other certificated carriers or Authority authorized carriers on a non-discriminatory basis under reasonable terms and conditions.

17. Provide notarized pre-filed testimony of a Company official regarding its proposed services, technical, financial and managerial abilities to provide the services and affirming that all information filed in the Application and in response to data requests is true and correct.
18. State the procedures the Company has taken to ensure that Y2K compliance, or the status of the Company's Y2K plan.
19. The Company should file the status of any applications in all other states, if any.
20. Has the Company been involved in any pertinent mergers, acquisitions, etc?
21. Does the Company require customer deposits? If so, what is the amount of the deposit required? Is the Company bonded in sufficient amount to cover the deposits?
22. Are Tennessee customers required to incur any non-recurring charges to initiate service with the Company? If so list the charges.